

Condo Smarts

Headline: Fiscal Year End of a Strata Corporation
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Written by: Tony Gioventu

Dear Condo Smarts: Our strata corporation is a six phased development in the Fraser Valley and we have just added our 6th phase in January as part of the strata corporation. For the past six years, our AGM has been in October, and our fiscal year has been from September 1 to August 31. This has worked well for us up to now as most owners are here in October and our business is completed in time for the annual report and notice. Our property manager and the developer however have insisted with the coming into effect of the last phase, that our fiscal year end changes based on each phase coming in, and our current fiscal year now has to be the annual year from January 1 to December 31. This seems totally backwards to us. How can the developer dictate any terms to an existing strata corporation, especially when they are over three years behind in their planned phasing? We don't want to be in opposition to the manager, but don't we, the strata corporation make those decisions? Gordon J.

Dear Gordon: The sections of the Act and Regulations that apply to phasing don't make everything obvious in how meetings for phases are conducted or how budgets are harmonized when a new phase is commissioned at the 1st annual general meeting (AGM) for that phase. The purpose of the phase's meeting is to elect two more council members from the new phase, approve the additional budget for that phase (which is harmonized into the existing budget), and for the owner developer to provide all of the records, documents, prints, plans, drawings, contracts and warranties to the strata corporation. The fiscal year of the strata corporation does not change, and there are no provisions under the phasing requirements that impose a change of fiscal year. Your fiscal year is determined by the first operational reporting year

of the strata corporation, and is not altered by subsequent phases. Strata corporations frequently want to change their fiscal year so the annual general meeting can be held at a more convenient time when owners or investors are routinely on site. Your annual income tax returns simply reflect the fiscal year of the strata corporation and are seldom the same as a the calendar year. The Strata Property Act contemplates the application of the fiscal year to all strata corporations, including phasing, in that it refers to the ability of the strata corporation to change the fiscal year by a resolution passed by a ¾ vote, held after the first AGM. That first meeting of the corporation is the first AGM held for the first phase that is filed in the Land Title Registry, and must be held within nine months after the date of the first conveyance of a strata lot or when 50% of the units are sold, whichever is first. If you change your fiscal year end, the period of the change could be as short as 6 months or as great as 18 months to effect the change. If you do have a shorter or longer fiscal year to adjust your fiscal period, remember it will also effect the period of the council elections and AGM reporting requirements. An owner developer has a specific schedule of implementation to meet when they file their phased strata plan declaration and that may impact the strata's ability to amend bylaws or use and administration of common property or facilities. For example, strata corporations are not permitted to amend bylaws relating to age, rentals, pets or marketing until the final phase of a development is fully commissioned, however, if the developer fails to meet their scheduling or phasing obligations, those limitations do not apply.

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